



Irish Life Weekly Investment Bulletin

The week that was – WEEK 05 2018 (ending 02/02/2018)

“When inspiration does not come to me, I go halfway to meet it.” – Sigmund Freud

Irish unemployment rate for January lowest in nearly a decade – The CSO reported that the seasonally adjusted unemployment rate for January 2018 was 6.1% (Females: 5.6%, Males: 6.5% and Youth: 13.7%), down from 6.2% in December 2017 and 7.4% in January 2017. This is the lowest rate since May 2008.

Eurozone growth higher than U.S. and UK in 2017 – Latest figures from Eurostat state that the eurozone economy grew by 0.6% in the final three months of 2017 and by 2.5% for 2017, the highest rate of growth since 3% achieved in 2007. In comparison, the UK economy grew by 1.8% during 2017 and the U.S. by 2.3%.

Global stock market down 3.1% on the week – The MSCI AC World TR Index showed a 3.10% fall from 26th January to 2nd February, to give the first weekly drop in 2018, as govt bond yields rose around worries about potential inflation in the U.S. The VIX finished the week at 17.31, up from 11.08 on 26th January.

U.S. jobs report for January beats expectations – The Labor Department’s nonfarm payrolls report for January showed 200,000 new jobs were added compared to expectations for 175,000/180,000. Another good news surprise was that average hourly earnings rose 2.9% year-on-year, the highest increase since 2009.

Fed leaves U.S. rates unchanged – The Federal Open Market Committee decided against any increase in its benchmark interest rate, which was as expected, at their January meeting, Janet Yellen’s last one before Jerome Powell takes over as Chair. They noted “solid” gains in employment, consumption and investment.

Japanese manufacturing activity in January hits a four-year high – The Markit/Nikkei Japan Manufacturing Purchasing Managers Index (PMI) for January was a seasonally adjusted 54.8 in January, its highest level since February 2014 and up from 54.0 in December, driven by the strong economic background.

The Story of the week: A 23-year-old man, Samuel Moss Jr, who drifted on the Atlantic Ocean for 16 days after losing engine power when he ran out of fuel has said he survived by eating Doritos and biscuits. He set out from the Bahamas island chain of Bimini of Nassau on 13 January and he was rescued after his boat was spotted about 10 miles off the coast of Florida. It is the second time in a year he has been rescued. In February 2017, he was stuck for three days in the sea off Grand Bahama before the Royal Bahamas Defence Force saved him.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 02/02)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	2.5
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-2.5
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-3.1
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	0.7
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	3.4
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	4.9
Nikkei 225	56.7	7.1	9.1	0.4	19.1	2.2
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	5.3
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.2
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.8
German	1.9	0.5	0.6	0.2	0.4	0.7
UK	3.0	1.9	1.9	1.2	1.2	1.6
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.2
Italy	4.1	2.1	1.6	1.8	2.0	2.0
Greece	8.2	9.6	7.9	7.1	4.1	3.7
Portugal	6.1	2.7	2.5	3.8	1.9	2.0
Spain	4.1	1.6	1.7	1.4	1.6	1.4
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.50
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.24
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.40
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	8.0% (to end of Q4)
U.K.	2.7	10.7	17.8	13.1	3.6	7.1% (to end of Q3)
U.S.	5.3	11.4	11.2	12.1	7.8	5.0% (to end of Q3)

*Past performance is not a reliable guide to future performance